

AMENDED IN SENATE JULY 16, 2015

AMENDED IN SENATE JULY 9, 2015

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AMENDED IN SENATE JUNE 8, 2015

AMENDED IN ASSEMBLY APRIL 20, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1531

**Introduced by Committee on Environmental Safety and Toxic
Materials (Assembly Members Alejo (Chair), Gonzalez, McCarty,
and Ting)**

March 23, 2015

An act to amend Sections 6103.4 and 53082.5 of the Government Code, to amend Sections 116270, 116275, 116380, *116650*, 116655, 116735, 116751, 116760.20, *116761.20*, 116761.65, and 117125 of, to add Sections 116365.03, 116701, and 116760.38 to, to repeal Section 116379 of, and to repeal and add Section 116761.70 of, the Health and Safety Code, and to amend Sections 13176, 13177, 13177.5, 13177.6, 13178, 13181, 13275, 13285, 13304.1, 13392, 13392.5, 13393.5, 13400, 13426, 13476, 13477.6, 13480, and 79702 of, *to add Section 79726 to*, and to repeal Section 13331.2 of, the Water Code, relating to water, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1531, as amended, Committee on Environmental Safety and Toxic Materials. State Water Resources Control Board.

(1) Existing law, the California Safe Drinking Water Act (state act), requires the State Water Resources Control Board to administer provisions relating to the regulation of drinking water to protect public health. The state board's duties include, but are not limited to, conducting research, studies, and demonstration programs relating to the provision of a dependable, safe supply of drinking water, enforcing the federal Safe Drinking Water Act (federal act), and adopting and enforcing regulations. Existing law requires the state board to appoint a deputy director to oversee the issuance and enforcement of public water system permits and delegates certain authorities of the state board to the deputy director.

This bill would authorize the state board to adopt as an emergency regulation, a regulation that ~~meets, but does not exceed~~, *is not more stringent than, and is not materially different in substance and effect than*, the requirements of a regulation promulgated under the federal act, with a specified exception. The bill would require that these emergency regulations not be subject to review by the Office of Administrative Law and remain in effect until revised by the state board.

The state act prohibits the state board from issuing a permit to a public water system or amending a valid existing permit to allow the use of point-of-use treatment unless the state board determines that there is no community opposition to the installation of the treatment device.

This bill would authorize the state board to adopt regulations, similar to those previously authorized for adoption by the State Department of Public Health, governing the use of point-of-entry and point-of-use treatment by a public water system with less than 200 service connections in lieu of centralized treatment where it can be demonstrated that centralized treatment is not immediately economically feasible.

The state act authorizes the deputy director to issue an order directing certain actions whenever the deputy director determines that a person has violated or is violating the act, or any permit, regulation, or standard issued or adopted pursuant to the act. The act authorizes an aggrieved party 30 days after service of a copy of the order or decision to file with the superior court a petition for a writ of mandate for review of the order or decision.

The bill would authorize, within 30 days of issuance of a certain order or decision issued by the deputy director, an aggrieved person to petition the state board for reconsideration and would authorize the state board to refuse to reconsider the order or decision, to deny the petition, or to set aside or modify the order or decision, as specified. The bill would

provide that the filing of a petition for reconsideration is an administrative remedy that must be exhausted before filing a petition for writ of mandate.

The state act authorizes the state board to take certain actions relating to the inspection of public water systems, including inspecting and copying any records, reports, test results, or other information required to carry out the provisions of the act. Existing law makes it a crime for any person to knowingly commit certain acts, including making a false statement or representation in any application, record, report, or other document submitted, maintained, or used for the purposes of compliance with the act or withholding information requested by the state board regarding imminent and substantial danger to the public health or safety, as specified.

This bill would require an owner of a public water system to provide to the state board reports, test results, and certain other information within 15 business days of receiving a request for those records from a duly authorized representative of the state board. To the extent that a person knowingly makes a false statement or representation when providing these reports, results, or information to the state board, this bill would expand the scope of a crime and thereby impose a state-mandated local program.

This bill would declare the intent of the Legislature that the state act be construed to ensure consistency with the requirements for states to obtain and maintain primary enforcement responsibility for public water systems under the federal act.

(2) Existing law generally grants various powers to cities, counties, and certain special districts, including the power to issue bonds and incur indebtedness for certain purposes and subject to certain restrictions. Existing law authorizes counties, cities, and special districts that provide or intend to provide wastewater treatment facilities or services, subject to applicable constitutional restrictions, to borrow money and incur indebtedness for purposes of the State Water Pollution Control Revolving Fund.

Existing law, the Safe Drinking Water State Revolving Fund Law of 1997, continuously appropriates state and federal funds in the Safe Drinking Water State Revolving Fund to the State Water Resources Control Board for grants or revolving fund loans for the design and construction of projects for public water systems that will enable those systems to meet safe drinking water standards. The revolving fund law defines “public agency,” for purposes of the act, to mean a city, county,

city and county, joint powers authority, or other political subdivision of the state, that owns or operates a public water system.

This bill would expand the definition of “public agency” to include a municipality, as defined in the federal act. The bill would extend the authorization to borrow money and incur indebtedness to cities, counties, and special districts that provide or intend to provide water treatment facilities or services and for purposes of the Safe Drinking Water State Revolving Fund or the California Safe Drinking Water Act.

This bill would require certain funds, appropriated and available for grants and loans for public water system infrastructure improvements and related actions, as specified, to be available for deposit in the revolving fund for the purpose of providing the state share needed to leverage federal funds to assist communities in providing safe drinking water.

The revolving fund law requires the state board to annually establish the interest rate for repayable financing made pursuant to these provisions, as specified. The revolving fund law authorizes the State Water Resources Control Board to undertake certain actions to implement the revolving fund law, including engaging in the transfer of capitalization grant funds, as specified. Existing law prohibits more than 4% of the capitalization grant from being used by the state board for administering the revolving fund law and authorizes the state board to establish a reasonable schedule for administrative fees to be paid by the grant applicant to reimburse the state for the costs of the administration of these provisions.

The bill would delete the requirement that the state board establish the interest rate annually and would instead authorize the state board to adjust the interest rate periodically. The bill would delete the prohibition against using more than 4% of the capitalization grant for administering the Safe Drinking Water Revolving Fund Law and would delete the authorization permitting the state board to establish a reasonable schedule for administrative fees. The bill would instead create the Safe Drinking Water State Revolving Fund Administrative Fund and would require moneys transferred to pay for the costs incurred by the state board for administering the act, moneys collected for financial assistance services, and interest earned upon these moneys to be deposited into the fund. The bill would authorize, where financial assistance is made and is to be repaid to the state board, the state board to assess an annual charge for financial assistance services, not to exceed 1% of the financial assistance balance. The bill would make moneys in

the administration fund available to the state board, upon appropriation by the Legislation, for payment of reasonable costs of administering the fund. The bill would require the state board to set the total amount of revenue that is collected each year though the annual charge for financial assistance services at an amount that is equal as practicable to the appropriation amount set forth in the annual Budget Act. The bill would require, at least once each fiscal year, the state board to adjust the financial assistance service charge to conform with the annual Budget Act.

Existing law requires the state board to determine what portion of the full costs a public agency or private not-for profit water company is capable of repaying, and authorizes the state board, to the extent the state board finds that the public agency or not-for-profit water company is able to repay the full costs of the financing, to authorize a grant or principal forgiveness. Notwithstanding those and other specified provisions, existing law deems a small community water system or nontransient noncommunity water system that is owned by a public agency or a private not-for-profit water company and serving a severely disadvantaged community to have no ability to repay any financing.

This bill would, notwithstanding those same provisions, instead deem a public agency or private not-for-profit water company that serves a severely disadvantaged community with fewer than 200 service connections and that owns a small community water system or nontransient noncommunity water system to have no ability to repay any financing, as specified.

Existing law creates the State Water Pollution Control Revolving Fund Small Community Grant Fund in the State Treasury, and requires moneys from specified sources to be deposited in the grant fund. Existing law requires a specified amount of money to be available for deposit in the State Water Pollution Control Revolving Fund Small Community Grant Fund for grants for wastewater treatment projects.

This bill would specifically require those moneys to be deposited in the grant fund, and would authorize those moneys to be expended for technical assistance, as specified, in addition to other specified uses.

(3) Existing law, the Porter-Cologne Water Quality Control Act, establishes the State Water Pollution Control Revolving Fund program pursuant to which state and federal funds are continuously appropriated from the State Water Pollution Control Revolving Fund to the state board for permissible purposes authorized by the federal Clean Water Act or a federal capitalization grant deposited into the fund, including

loans and other financial assistance for the construction of publicly owned treatment works by a municipality, the implementation of a management program, the development and implementation of a conservation and management plan, and other related purposes in accordance with the federal Clean Water Act and the Porter-Cologne Water Quality Control Act.

This bill would instead require that moneys in the fund be used only for purposes allowed by the federal Clean Water Act or a federal grant, and would delete the specifications of the types of projects and programs eligible for this financial assistance. By allowing moneys in the fund to be used for purposes allowed by a federal grant, thereby expanding the purposes for which moneys in a continuously appropriated revolving fund may be expended, this bill would make an appropriation.

Existing law requires the loans to meet certain criteria, including full amortization not later than 20 years after project completion, unless otherwise authorized by a federal capitalization grant deposited into the fund. Existing law also authorizes loan forgiveness to the extent it is authorized by a federal capitalization grant deposited into the fund.

The bill would extend the loan amortization requirement to not later than 30 years after project completion unless otherwise authorized by a federal grant deposited in the fund and would authorize loan forgiveness to the extent it is authorized by a federal grant deposited into the fund without regard to whether it is a capitalization grant.

Existing law also authorizes moneys in the fund to be used for payment of the reasonable cost of administering the fund and conducting certain activities relating to the federal Clean Water Act. Existing law prohibits those costs from exceeding 4% of all federal contributions into the fund except, if permitted by federal and state law, interest payments into the fund and other moneys into the fund are authorized to be used to defray additional administrative and activity costs.

The bill would instead prohibit the costs used for administering the fund and conducting the federal Clean Water Act activities from exceeding 4% of all federal contributions in the fund, \$400,000 per year, or $\frac{1}{5}$ of 1% per year of the current valuation of the fund, whichever is greater, plus the amount of fees collected by the state for these purposes, regardless of source.

(4) This bill would make various nonsubstantive changes, including repealing obsolete provisions and updating cross-references.

(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 6103.4 of the Government Code is
2 amended to read:

3 6103.4. Section 6103 does not apply to any fee or charge for
4 official services required by any of the following:

5 (a) The Environmental Laboratory Accreditation Act (Article
6 3 (commencing with Section 100825) of Chapter 4 of Part 1 of
7 Division 101 of the Health and Safety Code).

8 (b) Article 3 (commencing with Section 106875) of Chapter 4
9 of Part 1 of Division 104 of the Health and Safety Code.

10 (c) The California Safe Drinking Water Act (Chapter 4
11 (commencing with Section 116270) of Part 12 of Division 104 of
12 the Health and Safety Code).

13 (d) The Safe Drinking Water State Revolving Fund Law of 1997
14 (Chapter 4.5 (commencing with Section 116760) of Part 12 of
15 Division 104 of the Health and Safety Code).

16 (e) Article 2 (commencing with Section 116800) and Article 3
17 (commencing with Section 116825) of Chapter 5 of Part 12 of
18 Division 104 of the Health and Safety Code.

19 (f) Part 5 (commencing with Section 4999) of Division 2 of the
20 Water Code.

21 (g) Division 7 (commencing with Section 13000) of the Water
22 Code.

23 SEC. 2. Section 53082.5 of the Government Code is amended
24 to read:

25 53082.5. Subject to all applicable constitutional restrictions, a
26 county, a city, or a special district that provides, or intends to
27 provide, water or wastewater treatment facilities or services may
28 borrow money and incur indebtedness pursuant to Chapter 4.5
29 (commencing with Section 116760) of Part 12 of Division 104 of

1 the Health and Safety Code or Chapter 6.5 (commencing with
2 Section 13475) of Division 7 of the Water Code.

3 SEC. 3. Section 116270 of the Health and Safety Code is
4 amended to read:

5 116270. The Legislature finds and declares all of the following:

6 (a) Every resident of California has the right to pure and safe
7 drinking water.

8 (b) Feasible and affordable technologies are available and shall
9 be used to remove toxic contaminants from public water supplies.

10 (c) According to the State Department of Health Services, over
11 95 percent of all large public water systems in California are in
12 compliance with health-based action levels established by the
13 department for various contaminants.

14 (d) It is the policy of the state to reduce to the lowest level
15 feasible all concentrations of toxic chemicals that, when present
16 in drinking water, may cause cancer, birth defects, and other
17 chronic diseases.

18 (e) This chapter is intended to ensure that the water delivered
19 by public water systems of this state shall at all times be pure,
20 wholesome, and potable. This chapter provides the means to
21 accomplish this objective.

22 (f) It is the intent of the Legislature to improve laws governing
23 drinking water quality, to improve upon the minimum requirements
24 of the federal Safe Drinking Water Act Amendments of 1996, to
25 establish primary drinking water standards that are at least as
26 stringent as those established under the federal Safe Drinking
27 Water Act, and to establish a program under this chapter that is
28 more protective of public health than the minimum federal
29 requirements.

30 (g) It is the further intent of the Legislature to establish a
31 drinking water regulatory program within the state board to provide
32 for the orderly and efficient delivery of safe drinking water within
33 the state and to give the establishment of drinking water standards
34 and public health goals greater emphasis and visibility within the
35 state.

36 (h) This act shall be construed to ensure consistency with the
37 requirements for states to obtain and maintain primary enforcement
38 responsibility for public water systems under the federal Safe
39 Drinking Water Act and acts amendatory thereof or supplementary
40 thereto.

1 SEC. 4. Section 116275 of the Health and Safety Code is
2 amended to read:

3 116275. As used in this chapter:

4 (a) "Contaminant" means any physical, chemical, biological,
5 or radiological substance or matter in water.

6 (b) "Department" means the state board.

7 (c) "Primary drinking water standards" means:

8 (1) Maximum levels of contaminants that, in the judgment of
9 the state board, may have an adverse effect on the health of persons.

10 (2) Specific treatment techniques adopted by the state board in
11 lieu of maximum contaminant levels pursuant to subdivision (j)
12 of Section 116365.

13 (3) The monitoring and reporting requirements as specified in
14 regulations adopted by the state board that pertain to maximum
15 contaminant levels.

16 (d) "Secondary drinking water standards" means standards that
17 specify maximum contaminant levels that, in the judgment of the
18 state board, are necessary to protect the public welfare. Secondary
19 drinking water standards may apply to any contaminant in drinking
20 water that may adversely affect the odor or appearance of the water
21 and may cause a substantial number of persons served by the public
22 water system to discontinue its use, or that may otherwise adversely
23 affect the public welfare. Regulations establishing secondary
24 drinking water standards may vary according to geographic and
25 other circumstances and may apply to any contaminant in drinking
26 water that adversely affects the taste, odor, or appearance of the
27 water when the standards are necessary to ensure a supply of pure,
28 wholesome, and potable water.

29 (e) "Human consumption" means the use of water for drinking,
30 bathing or showering, hand washing, oral hygiene, or cooking,
31 including, but not limited to, preparing food and washing dishes.

32 (f) "Maximum contaminant level" means the maximum
33 permissible level of a contaminant in water.

34 (g) "Person" means an individual, corporation, company,
35 association, partnership, limited liability company, municipality,
36 public utility, or other public body or institution.

37 (h) "Public water system" means a system for the provision of
38 water for human consumption through pipes or other constructed
39 conveyances that has 15 or more service connections or regularly

1 serves at least 25 individuals daily at least 60 days out of the year.

2 A public water system includes the following:

3 (1) Any collection, treatment, storage, and distribution facilities
4 under control of the operator of the system that are used primarily
5 in connection with the system.

6 (2) Any collection or pretreatment storage facilities not under
7 the control of the operator that are used primarily in connection
8 with the system.

9 (3) Any water system that treats water on behalf of one or more
10 public water systems for the purpose of rendering it safe for human
11 consumption.

12 (i) “Community water system” means a public water system
13 that serves at least 15 service connections used by year-long
14 residents or regularly serves at least 25 year-long residents of the
15 area served by the system.

16 (j) “Noncommunity water system” means a public water system
17 that is not a community water system.

18 (k) “Nontransient noncommunity water system” means a public
19 water system that is not a community water system and that
20 regularly serves at least 25 of the same persons over six months
21 per year.

22 (l) “Local health officer” means a local health officer appointed
23 pursuant to Section 101000 or a local comprehensive health agency
24 designated by the board of supervisors pursuant to Section 101275
25 to carry out the drinking water program.

26 (m) “Significant rise in the bacterial count of water” means a
27 rise in the bacterial count of water that the state board determines,
28 by regulation, represents an immediate danger to the health of
29 water users.

30 (n) “State small water system” means a system for the provision
31 of piped water to the public for human consumption that serves at
32 least five, but not more than 14, service connections and does not
33 regularly serve drinking water to more than an average of 25
34 individuals daily for more than 60 days out of the year.

35 (o) “Transient noncommunity water system” means a
36 noncommunity water system that does not regularly serve at least
37 25 of the same persons over six months per year.

38 (p) “User” means a person using water for domestic purposes.
39 User does not include a person processing, selling, or serving water
40 or operating a public water system.

1 (q) “Waterworks standards” means regulations adopted by the
2 state board entitled “California Waterworks Standards” (Chapter
3 16 (commencing with Section 64551) of Division 4 of Title 22 of
4 the California Code of Regulations).

5 (r) “Local primacy agency” means a local health officer that
6 has applied for and received primacy delegation pursuant to Section
7 116330.

8 (s) “Service connection” means the point of connection between
9 the customer’s piping or constructed conveyance, and the water
10 system’s meter, service pipe, or constructed conveyance. A
11 connection to a system that delivers water by a constructed
12 conveyance other than a pipe shall not be considered a connection
13 in determining if the system is a public water system if any of the
14 following apply:

15 (1) The water is used exclusively for purposes other than
16 residential uses, consisting of drinking, bathing, and cooking, or
17 other similar uses.

18 (2) The state board determines that alternative water to achieve
19 the equivalent level of public health protection provided by the
20 applicable primary drinking water regulation is provided for
21 residential or similar uses for drinking and cooking.

22 (3) The state board determines that the water provided for
23 residential or similar uses for drinking, cooking, and bathing is
24 centrally treated or treated at the point of entry by the provider, a
25 passthrough entity, or the user to achieve the equivalent level of
26 protection provided by the applicable primary drinking water
27 regulations.

28 (t) “Resident” means a person who physically occupies, whether
29 by ownership, rental, lease, or other means, the same dwelling for
30 at least 60 days of the year.

31 (u) “Water treatment operator” means a person who has met
32 the requirements for a specific water treatment operator grade
33 pursuant to Section 106875.

34 (v) “Water treatment operator-in-training” means a person who
35 has applied for and passed the written examination given by the
36 state board but does not yet meet the experience requirements for
37 a specific water treatment operator grade pursuant to Section
38 106875.

(w) “Water distribution operator” means a person who has met the requirements for a specific water distribution operator grade pursuant to Section 106875.

(x) “Water treatment plant” means a group or assemblage of structures, equipment, and processes that treats, blends, or conditions the water supply of a public water system for the purpose of meeting primary drinking water standards.

(y) “Water distribution system” means any combination of pipes, tanks, pumps, and other physical features that deliver water from the source or water treatment plant to the consumer.

(z) “Public health goal” means a goal established by the Office of Environmental Health Hazard Assessment pursuant to subdivision (c) of Section 116365.

(aa) “Small community water system” means a community water system that serves no more than 3,300 service connections or a year-long population of no more than 10,000 persons.

(ab) “Disadvantaged community” means the entire service area of a community water system, or a community therein, in which the median household income is less than 80 percent of the statewide average.

(ac) “State board” means the State Water Resources Control Board.

(ad) “Deputy director” means the deputy director appointed by the state board pursuant to subdivision (k) of Section 116271.

SEC. 5. Section 116365.03 is added to the Health and Safety Code, to read:

116365.03. The state board may adopt as an emergency regulation, a regulation, except a regulation—~~subject to the requirements of Section 116365, that meets, but does not exceed, that establishes maximum contaminant levels for primary and secondary drinking water standards, that is not more stringent than, and is not materially different in substance and effect than,~~ the requirements of a regulation promulgated pursuant to the federal Safe Drinking Water Act (42 U.S.C. Sec. 300f et seq.). The adoption of a regulation pursuant to this section is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health, safety, and general welfare. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, an emergency regulation adopted

1 by the state board pursuant to this section is not subject to review
2 by the Office of Administrative Law and shall remain in effect
3 until revised by the state board.

4 SEC. 6. Section 116379 of the Health and Safety Code is
5 repealed.

6 SEC. 7. Section 116380 of the Health and Safety Code is
7 amended to read:

8 116380. (a) In addition to the requirements set forth in Section
9 116375, the regulations adopted by the state board pursuant to
10 Section 116375 may include requirements governing the use of
11 point-of-entry and point-of-use treatment by public water systems
12 with less than 200 service connections in lieu of centralized
13 treatment where it can be demonstrated that centralized treatment
14 is not immediately economically feasible.

15 (b) The regulations shall comply with Section 116552 and the
16 requirements set forth in subdivision (a), but shall not be subject
17 to the rulemaking provisions of the Administrative Procedure Act
18 (Chapter 3.5 (commencing with Section 11340) of Part 1 of
19 Division 3 of Title 2 of the Government Code). The regulations
20 shall take effect when filed with the Secretary of State, and shall
21 be published in the California Code of Regulations.

22 SEC. 8. *Section 116650 of the Health and Safety Code is*
23 *amended to read:*

24 116650. (a) If the ~~department~~ *state board* determines that a
25 public water system is in violation of this chapter or any regulation,
26 permit, standard, citation, or order issued or adopted thereunder,
27 the ~~department~~ *state board* may issue a citation to the public water
28 system. The citation shall be served upon the public water system
29 personally or by certified mail. Service shall be deemed effective
30 as of the date of personal service or the date of receipt of the
31 certified mail. If a person to whom a citation is directed refuses to
32 accept delivery of the certified mail, the date of service shall be
33 deemed to be the date of mailing.

34 (b) Each citation shall be in writing and shall describe the nature
35 of the violation or violations, including a reference to the statutory
36 provision, standard, order, citation, permit, or regulation alleged
37 to have been violated.

38 (c) A citation may specify a date for elimination or correction
39 of the condition constituting the violation.

1 (d) A citation may include the assessment of a penalty as
2 specified in subdivision (e).

3 (e) ~~The department~~ *state board* may assess a penalty in an
4 amount not to exceed one thousand dollars (\$1,000) per day for
5 each day that a violation occurred, and for each day that a violation
6 continues to occur. A separate penalty may be assessed for each
7 ~~violation~~. *violation and shall be in addition to any liability or*
8 *penalty imposed under any other law.*

9 ~~SEC. 8.~~

10 *SEC. 9.* Section 116655 of the Health and Safety Code is
11 amended to read:

12 116655. (a) Whenever the state board determines that any
13 person has violated or is violating this chapter, or any order, permit,
14 regulation, or standard issued or adopted pursuant to this chapter,
15 the state board may issue an order doing any of the following:

- 16 (1) Directing compliance forthwith.
17 (2) Directing compliance in accordance with a time schedule
18 set by the state board.
19 (3) Directing that appropriate preventive action be taken in the
20 case of a threatened violation.

21 (b) An order issued pursuant to this section may include, but
22 shall not be limited to, any or all of the following requirements:

- 23 (1) That the existing plant, works, or system be repaired, altered,
24 or added to.
25 (2) That purification or treatment works be installed.
26 (3) That the source of the water supply be changed.
27 (4) That no additional service connection be made to the system.
28 (5) That the water supply, the plant, or the system be monitored.
29 (6) That a report on the condition and operation of the plant,
30 works, system, or water supply be submitted to the state board.

31 ~~SEC. 9.~~

32 *SEC. 10.* Section 116701 is added to the Health and Safety
33 Code, to read:

34 116701. (a) Within 30 days of issuance of an order or decision
35 issued by the deputy director under Article 8 (commencing with
36 Section 116625) or Article 9 (commencing with Section 116650),
37 an aggrieved person may petition the state board for
38 reconsideration. Where the order or decision of the deputy director
39 is issued after a hearing under Chapter 5 (commencing with Section
40 11500) of Part 1 of Division 3 of Title 2 of the Government Code,

1 this section shall apply instead of Section 11521 of the Government
2 Code.

3 (b) The petition shall include the name and address of the
4 petitioner, a copy of the order or decision for which the petitioner
5 seeks reconsideration, identification of the reason the petitioner
6 alleges the issuance of the order was inappropriate or improper,
7 the specific action the petitioner requests, and other information
8 as the state board may prescribe. The petition shall be accompanied
9 by a statement of points and authorities of the legal issues raised
10 by the petition.

11 (c) The evidence before the state board shall consist of the record
12 before the deputy director and any other relevant evidence that, in
13 the judgment of the state board, should be considered to implement
14 the policies of this chapter. The state board may, in its discretion,
15 hold a hearing for receipt of additional evidence.

16 (d) The state board may refuse to reconsider the order or
17 decision if the petition fails to raise substantial issues that are
18 appropriate for review, may deny the petition upon a determination
19 that the issuance of the order or decision was appropriate and
20 proper, may set aside or modify the order or decision, or take other
21 appropriate action. The state board's action pursuant to this
22 subdivision shall constitute the state board's completion of its
23 reconsideration.

24 (e) The state board, upon notice and hearing, if a hearing is held,
25 may stay in whole or in part the effect of the order or decision of
26 the deputy director.

27 (f) If an order of the deputy director is subject to reconsideration
28 under this section, the filing of a petition for reconsideration is an
29 administrative remedy that must be exhausted before filing a
30 petition for writ of mandate under Section 116625 or 116700.

31 ~~SEC. 10.~~

32 *SEC. 11.* Section 116735 of the Health and Safety Code is
33 amended to read:

34 116735. (a) (1) In order to carry out the purposes of this
35 chapter, any duly authorized representative of the state board may,
36 at any reasonable hour of the day, do any of the following:

37 (A) Enter and inspect any public water system or any place
38 where the public water system records are stored, kept, or
39 maintained.

1 (B) Inspect and copy any records, reports, test results, or other
2 information required to carry out this chapter.

3 (C) Set up and maintain monitoring equipment for purposes of
4 assessing compliance with this chapter.

5 (D) Obtain samples of the water supply.

6 (E) Photograph any portion of the system, any activity, or any
7 sample taken.

8 (2) An owner of a public water system shall provide to the state
9 board reports, test results, and other information required to carry
10 out this chapter within 15 business days of receiving a request for
11 those records from a duly authorized representative of the state
12 board.

13 (b) The state board shall inspect each public water system as
14 follows:

15 (1) A system with any surface water source with treatment shall
16 be inspected annually.

17 (2) A system with any groundwater source subject to treatment
18 with only groundwater sources shall be inspected biennially.

19 (3) A system with only groundwater sources not subject to
20 treatment shall be inspected every three years.

21 (c) Nothing in this section shall prohibit the state board from
22 inspecting public water systems on a more frequent basis. An
23 opportunity shall be provided for a representative of the public
24 water system to accompany the representative of the state board
25 during the inspection of the water system.

26 (d) It shall be a misdemeanor for any person to prevent, interfere
27 with, or attempt to impede in any way any duly authorized
28 representative of the state board from undertaking the activities
29 authorized by paragraph (1) of subdivision (a). A person who
30 violates paragraph (2) of subdivision (a) shall be subject to the
31 provisions of Section 116730, as applicable.

32 ~~SEC. 11.~~

33 *SEC. 12.* Section 116751 of the Health and Safety Code is
34 amended to read:

35 116751. The Department of Fish and Wildlife shall not
36 introduce a poison to a drinking water supply for purposes of
37 fisheries management unless the state board determines that the
38 activity will not have a permanent adverse impact on the quality
39 of the drinking water supply or wells connected to the drinking
40 water supply. In making this determination, the state board shall

1 evaluate the short- and long-term health effects of the poison in
2 drinking water, ensure that an alternative supply of drinking water
3 is provided to the users of the drinking water supply while the
4 activity takes place, and, in cooperation with the Department of
5 Fish and Wildlife, develop and implement a monitoring program
6 to ensure that no detectable residuals of the poison, breakdown
7 products, and other components of the poison formulation remain
8 in the drinking water supply or adjoining wells after the activity
9 is completed.

10 ~~SEC. 12.~~

11 *SEC. 13.* Section 116760.20 of the Health and Safety Code is
12 amended to read:

13 116760.20. Unless the context otherwise requires, the following
14 definitions govern the construction of this chapter:

15 (a) “Acceptable result” means the project that, when constructed,
16 solves the problem for which the project was placed on the project
17 priority list, ensures the owner and operator of the improved or
18 restructured public water system shall have long-term technical,
19 managerial, and financial capacity to operate and maintain the
20 public water system in compliance with state and federal safe
21 drinking water standards, can provide a dependable source of safe
22 drinking water long-term, and is both short-term and long-term
23 affordable, as determined by the board.

24 (b) “Administrative fund” means the Safe Drinking Water State
25 Revolving Fund Administration Fund created by Section
26 116761.70.

27 (c) “Board” means the State Water Resources Control Board.

28 (d) “Cost-effective” means achieves an acceptable result at the
29 most reasonable cost.

30 (e) “Disadvantaged community” means a community that meets
31 the definition provided in Section 116275.

32 (f) “Federal Safe Drinking Water Act” or “federal act” means
33 the federal Safe Drinking Water Act (42 U.S.C. Sec. 300f et seq.)
34 and acts amendatory thereof or supplemental thereto.

35 (g) “Fund” means the Safe Drinking Water State Revolving
36 Fund created by Section 116760.30.

37 (h) “Financing” means financial assistance awarded under this
38 chapter, including loans, refinancing, installment sales agreements,
39 purchase of debt, loan guarantees for municipal revolving funds,
40 and grants.

(i) “Matching funds” means state money that equals that percentage of federal contributions required by the federal act to be matched with state funds.

(j) “Project” means cost-effective facilities for the construction, improvement, or rehabilitation of a public water system. It also may include the planning and design of the facilities, annexation or consolidation of water systems, source water assessments, source water protection, and other activities specified under the federal act.

(k) “Public agency” means any city, county, city and county, whether general law or chartered, district, joint powers authority, or other political subdivision of the state, that owns or operates a public water system, or any municipality, as that term is defined in the federal act.

(l) “Public water system” or “public water supply system” means a system for the provision to the public of water for human consumption, as defined in Section 116275.

(m) “Safe drinking water standards” means those standards established pursuant to Chapter 4 (commencing with Section 116270), as they may now or hereafter be amended.

(n) “Severely disadvantaged community” means a community with a median household income of less than 60 percent of the statewide average.

(o) “Small community water system” has the meaning set forth in Section 116275.

(p) “Supplier” means any person, partnership, corporation, association, public agency, or other entity that owns or operates a public water system.

~~SEC. 13.~~

SEC. 14. Section 116760.38 is added to the Health and Safety Code, to read:

116760.38. Subject to all applicable constitutional restrictions, a city, county, or special district may borrow money and incur indebtedness pursuant to this chapter.

SEC. 15. Section 116761.20 of the Health and Safety Code is amended to read:

116761.20. (a) Planning and preliminary engineering studies, project design, and construction costs incurred by community and not-for-profit noncommunity public water systems may be funded under this chapter by loans or other repayable financing, and, if

1 these systems are owned by public agencies or private not-for-profit
2 water companies, by grants, principal forgiveness, or a combination
3 of grants and loans or other financial assistance.

4 (b) (1) The board shall determine what portion of the full costs
5 the public agency or private not-for-profit water company is
6 capable of repaying and authorize funding in the form of a loan
7 or other repayable financing for that amount. The board shall
8 authorize a grant or principal forgiveness only to the extent the
9 board finds the public agency or not-for-profit water company is
10 unable to repay the full costs of the financing.

11 (2) Notwithstanding any other provision of this chapter, *where*
12 *a public agency or private not-for-profit water company serving*
13 *a severely disadvantaged community with fewer than 200 service*
14 *connections owns a small community water system or nontransient*
15 *noncommunity water system that is owned by a public agency or*
16 *a private not-for-profit water company and serving a severely*
17 *disadvantaged community, system, the public agency or private*
18 *not-for-profit serving the severely disadvantaged community is*
19 *deemed to have no ability to repay any financing. financing for a*
20 *project serving the severely disadvantaged community.*

21 (c) At the request of the board, the Public Utilities Commission
22 shall submit comments concerning the ability of suppliers, subject
23 to its jurisdiction, to finance the project from other sources and to
24 repay the financing.

25 ~~(d) This section shall become operative on July 1, 2014.~~

26 ~~SEC. 14.~~

27 *SEC. 16.* Section 116761.65 of the Health and Safety Code is
28 amended to read:

29 116761.65. (a) The board shall establish, and may periodically
30 adjust, the interest rate for repayable financing made pursuant to
31 this chapter at a rate not to exceed 50 percent of the average interest
32 rate, computed by the true interest cost method, paid by the state
33 on general obligation bonds issued in the prior calendar year,
34 rounded up to the closest one-tenth of 1 percent.

35 (b) Notwithstanding subdivision (a), if the financing is for a
36 public water system that serves a disadvantaged community with
37 a financial hardship as determined by the board or if the financing
38 is for a public water system that provides matching funds, the
39 interest rate shall be 0 percent.

1 ~~SEC. 15.~~

2 ~~SEC. 17.~~ Section 116761.70 of the Health and Safety Code is
3 repealed.

4 ~~SEC. 16.~~

5 ~~SEC. 18.~~ Section 116761.70 is added to the Health and Safety
6 Code, to read:

7 116761.70. (a) The Safe Drinking Water State Revolving Fund
8 Administration Fund is hereby created in the State Treasury.

9 (b) The following moneys shall be deposited into the
10 administration fund:

11 (1) Moneys transferred to pay the costs incurred by the state
12 board in connection with the administration of this chapter.

13 (2) The amounts collected for financial assistance services
14 pursuant to subdivision (c).

15 (3) Notwithstanding Section 16475 of the Government Code,
16 any interest earned upon the moneys in the fund.

17 (c) (1) For financial assistance made pursuant to this chapter,
18 where that financial assistance is to be repaid to the state board,
19 the state board may assess an annual charge for financial assistance
20 services with regard to the financial assistance, not to exceed 1
21 percent of the financial assistance balance, computed according
22 to the true interest cost method.

23 (2) The financial assistance service rate authorized by this
24 subdivision may be applied at any time during the term of the
25 financial assistance, and once applied, shall remain unchanged for
26 the duration of the financial assistance and shall not increase the
27 financial assistance repayment amount, as set forth in the terms
28 and conditions imposed pursuant to this chapter.

29 (d) Upon appropriation by the Legislature, moneys in the
30 administration fund may be expended by the state board for
31 payment of the reasonable costs of administering the fund.

32 (e) The state board shall set the total amount of revenue collected
33 each year through the charge authorized by subdivision (c) at an
34 amount that is equal as practicable to the appropriation amount set
35 forth in the annual Budget Act for this activity. At least once each
36 fiscal year, the state board shall adjust the financial assistance
37 service charge imposed pursuant to subdivision (c) to conform
38 with the appropriation amount set forth in the annual Budget Act.

~~SEC. 17.~~

SEC. 19. Section 117125 of the Health and Safety Code is amended to read:

117125. Notwithstanding any other law, the Department of Fish and Wildlife may stock with fish any body of water opened to public fishing pursuant to this article.

~~SEC. 18.~~

SEC. 20. Section 13176 of the Water Code is amended to read:

13176. (a) (1) The analysis of any material required by this division shall be performed by a laboratory that has accreditation or certification pursuant to Article 3 (commencing with Section 100825) of Chapter 4 of Part 1 of Division 101 of the Health and Safety Code.

(2) This requirement does not apply to field tests, such as tests for color, odor, turbidity, pH, temperature, dissolved oxygen, conductivity, and disinfectant residual.

(b) A person or public entity of the state shall not contract with a laboratory for environmental analyses required by paragraph (1) of subdivision (a) unless the laboratory has valid accreditation or certification.

~~SEC. 19.~~

SEC. 21. Section 13177 of the Water Code is amended to read:

13177. (a) It is the intent of the Legislature that the state board continue to implement the California State Mussel Watch Program.

(b) The Legislature finds and declares that the California State Mussel Watch Program provides the following benefits to the people of the state:

(1) An effective method for monitoring the long-term effects of certain toxic substances in selected fresh, estuarine, and marine waters.

(2) An important element in the state board's comprehensive water quality monitoring strategy.

(3) Identification, on an annual basis, of specific areas where concentrations of toxic substances are higher than normal.

(4) Valuable information to guide the state and regional boards and other public and private agencies in efforts to protect water quality.

(c) To the extent funding is appropriated for this purpose, the state board, in conjunction with the Department of Fish and Wildlife, shall continue to implement the long-term coastal

1 monitoring program known as the California State Mussel Watch
2 Program. The program may consist of, but is not limited to, the
3 following elements:

4 (1) Removal of mussels, clams, and other aquatic organisms
5 from relatively clean coastal sites and placing them in sampling
6 sites. For purposes of this section, “sampling sites” means selected
7 waters of concern to the state board and the Department of Fish
8 and Wildlife.

9 (2) After specified exposure periods at the sampling sites,
10 removal of the aquatic organisms for analysis.

11 (3) Laboratory analysis of the removed aquatic organisms to
12 determine the amounts of various toxic substances that may have
13 accumulated in the bodies of the aquatic organisms.

14 (4) Making available both the short- and long-term results of
15 the laboratory analysis to appropriate public and private agencies
16 and the public.

17 ~~SEC. 20.~~

18 *SEC. 22.* Section 13177.5 of the Water Code is amended to
19 read:

20 13177.5. (a) The state board, in consultation with the Office
21 of Environmental Health Hazard Assessment, shall develop a
22 comprehensive coastal monitoring and assessment program for
23 sport fish and shellfish, to be known as the Coastal Fish
24 Contamination Program. The program shall identify and monitor
25 chemical contamination in coastal fish and shellfish and assess the
26 health risks of consumption of sport fish and shellfish caught by
27 consumers.

28 (b) The state board shall consult with the Department of Fish
29 and Wildlife, the Office of Environmental Health Hazard
30 Assessment, and regional water quality control boards with
31 jurisdiction over territory along the coast, to determine chemicals,
32 sampling locations, and the species to be collected under the
33 program. The program developed by the state board shall include
34 all of the following:

35 (1) Screening studies to identify coastal fishing areas where fish
36 species have the potential for accumulating chemicals that pose
37 significant health risks to human consumers of sport fish and
38 shellfish.

39 (2) The assessment of at least 60 screening study monitoring
40 sites and 120 samples in the first five years of the program and an

1 assessment of additional screening study sites as time and resources
2 permit.

3 (3) Comprehensive monitoring and assessment of fishing areas
4 determined through screening studies to have a potential for
5 significant human health risk and a reassessment of these areas
6 every five years.

7 (c) Based on existing fish contamination data, the state board
8 shall designate a minimum of 40 sites as fixed sampling locations
9 for the ongoing monitoring effort.

10 (d) The state board shall contract with the Office of
11 Environmental Health Hazard Assessment to prepare
12 comprehensive health risk assessments for sport fish and shellfish
13 monitored in the program. The assessments shall be based on the
14 data collected by the program and information on fish consumption
15 and food preparation. The Office of Environmental Health Hazard
16 Assessment, within 18 months of the completion of a
17 comprehensive study for each area by the state board, shall submit
18 to the board a draft health risk assessment report for that area.
19 Those health risk assessments shall be updated following the
20 reassessment of areas by the board.

21 (e) The Office of Environmental Health Hazard Assessment
22 shall issue health advisories when the office determines that
23 consuming certain fish or shellfish presents a significant health
24 risk. The advisories shall contain information for the public, and
25 particularly the population at risk, concerning health risks from
26 the consumption of the fish or shellfish. The office shall notify the
27 appropriate county health officers, the State Department of Public
28 Health, and the Department of Fish and Wildlife before the
29 issuance of a health advisory. The notification shall provide
30 sufficient information for the purpose of posting signage. The
31 office shall urge county health officers to conspicuously post health
32 warnings in areas where contaminated fish or shellfish may be
33 caught including piers, commercial passenger fishing vessels, and
34 shore areas where fishing occurs. The Department of Fish and
35 Wildlife shall publish the office's health warnings in its Sport
36 Fishing Regulations Booklet.

37 ~~SEC. 21.~~

38 *SEC. 23.* Section 13177.6 of the Water Code is amended to
39 read:

13177.6. To the extent funding is appropriated for this purpose, the state board, in consultation with the Department of Fish and Wildlife and Office of Environmental Health Hazard Assessment, shall perform a monitoring study to reassess the geographic boundaries of the commercial fish closure off the Palos Verdes Shelf. The reassessment shall include collection and analysis of white croaker caught on the Palos Verdes Shelf, within three miles south of the Shelf, and within San Pedro Bay. Based on the results of the reassessment, the Department of Fish and Wildlife, with guidance from the Office of the Environmental Health Hazard Assessment, shall redelineate, if necessary, the commercial fish closure area to protect the health of consumers of commercially caught white croaker. The sample collection and analysis shall be conducted within 18 months of the enactment of this section and the reassessment of the health risk shall be conducted within 18 months of the completion of the analysis of the samples.

~~SEC. 22.~~

SEC. 24. Section 13178 of the Water Code is amended to read:

13178. (a) The state board, in conjunction with the State Department of Public Health and a panel of experts established by the state board, shall develop source investigation protocols for use in conducting source investigations of storm drains that produce exceedences of bacteriological standards established pursuant to subdivision (c) of Section 115880 of the Health and Safety Code. The protocols shall be based upon the experiences drawn from previous source investigations performed by the state board, regional boards, or other agencies, and other available data. The protocols shall include methods for identifying the location and biological origins of sources of bacteriological contamination, and, at a minimum, shall require source investigations if bacteriological standards are exceeded in any three weeks of a four-week period, or, for areas where testing is done more than once a week, 75 percent of testing days that produce an exceedence of those standards.

(b) The development of source investigation protocols pursuant to subdivision (a) is not subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

~~SEC. 23.~~

SEC. 25. Section 13181 of the Water Code is amended to read:

1 13181. (a) (1) On or before December 1, 2007, the California
2 Environmental Protection Agency and the Natural Resources
3 Agency shall enter into a memorandum of understanding for the
4 purposes of establishing the California Water Quality Monitoring
5 Council, which shall be administered by the state board.

6 (2) As used in this section, “monitoring council” means the
7 California Water Quality Monitoring Council established pursuant
8 to this section.

9 (3) The monitoring council may include representatives from
10 state entities and nonstate entities. The representatives from
11 nonstate entities may include, but need not be limited to,
12 representatives from federal and local government, institutions of
13 higher education, the regulated community, citizen monitoring
14 groups, and other interested parties.

15 (4) The monitoring council shall review existing water quality
16 monitoring, assessment, and reporting efforts, and shall recommend
17 specific actions and funding needs necessary to coordinate and
18 enhance those efforts.

19 (5) (A) The recommendations shall be prepared for the ultimate
20 development of a cost-effective, coordinated, integrated, and
21 comprehensive statewide network for collecting and disseminating
22 water quality information and ongoing assessments of the health
23 of the state’s waters and the effectiveness of programs to protect
24 and improve the quality of those waters.

25 (B) For purposes of developing recommendations pursuant to
26 this section, the monitoring council shall initially focus on the
27 water quality monitoring efforts of state agencies, including, but
28 not limited to, the state board, the regional boards, the department,
29 the Department of Fish and Wildlife, the California Coastal
30 Commission, the State Lands Commission, the Department of
31 Parks and Recreation, the Department of Forestry and Fire
32 Protection, and the Department of Pesticide Regulation.

33 (C) In developing the recommendations, the monitoring council
34 shall seek to build upon existing programs, rather than create new
35 programs.

36 (6) Among other things, the memorandum of understanding
37 shall describe the means by which the monitoring council shall
38 formulate recommendations to accomplish both of the following:

39 (A) Reduce redundancies, inefficiencies, and inadequacies in
40 existing water quality monitoring and data management programs

1 in order to improve the effective delivery of sound, comprehensive
2 water quality information to the public and decisionmakers.

3 (B) Ensure that water quality improvement projects financed
4 by the state provide specific information necessary to track project
5 effectiveness with regard to achieving clean water and healthy
6 ecosystems.

7 (b) The monitoring council shall report, on or before December
8 1, 2008, to the California Environmental Protection Agency and
9 the Natural Resources Agency with regard to its recommendations
10 for maximizing the efficiency and effectiveness of existing water
11 quality data collection and dissemination, and for ensuring that
12 collected data are maintained and available for use by
13 decisionmakers and the public. The monitoring council shall
14 consult with the United States Environmental Protection Agency
15 in preparing these recommendations. The monitoring council's
16 recommendations, and any responses submitted by the California
17 Environmental Protection Agency or the Natural Resources Agency
18 to those recommendations, shall be made available to
19 decisionmakers and the public by means of the Internet.

20 (c) The monitoring council shall undertake and complete, on or
21 before April 1, 2008, a survey of its members to develop an
22 inventory of their existing water quality monitoring and data
23 collection efforts statewide and shall make that information
24 available to the public.

25 (d) All state agencies, including institutions of higher education
26 to the extent permitted by law, that collect water quality data or
27 information shall cooperate with the California Environmental
28 Protection Agency and the Natural Resources Agency in achieving
29 the goals of the monitoring council as described in this section.

30 (e) In accordance with the requirements of the federal Clean
31 Water Act (33 U.S.C. Sec. 1251 et seq.) and implementing
32 guidance, the state board shall develop, in coordination with the
33 monitoring council, all of the following:

34 (1) A comprehensive monitoring program strategy that utilizes
35 and expands upon the state's existing statewide, regional, and other
36 monitoring capabilities and describes how the state will develop
37 an integrated monitoring program that will serve all of the state's
38 water quality monitoring needs and address all of the state's waters
39 over time. The strategy shall include a timeline not to exceed 10
40 years to complete implementation. The strategy shall be

1 comprehensive in scope and identify specific technical, integration,
2 and resource needs, and shall recommend solutions for those needs
3 so that the strategy may be implemented within the 10-year
4 timeframe.

5 (2) Agreement, including agreement on a schedule, with regard
6 to the comprehensive monitoring of statewide water quality
7 protection indicators that provide a basic minimum understanding
8 of the health of the state's waters. Indicators already developed
9 pursuant to environmental protection indicators for statewide
10 initiatives shall be given high priority as core indicators for
11 purposes of the network described in subdivision (a).

12 (3) Quality management plans and quality assurance plans that
13 ensure the validity and utility of the data collected.

14 (4) Methodology for compiling, analyzing, and integrating
15 readily available information, to the maximum extent feasible,
16 including, but not limited to, data acquired from discharge reports,
17 volunteer monitoring groups, local, state, and federal agencies,
18 and recipients of state-funded or federally funded water quality
19 improvement or restoration projects.

20 (5) An accessible and user-friendly electronic data system with
21 timely data entry and ready public access via the Internet. To the
22 maximum extent possible, the geographic location of the areas
23 monitored shall be included in the data system.

24 (6) Production of timely and complete water quality reports and
25 lists that are required under Sections 303(d), 305(b), 314, and 319
26 of the federal Clean Water Act and Section 406 of the federal
27 Beaches Environmental Assessment and Coastal Health Act of
28 2000, that include all available information from discharge reports,
29 volunteer monitoring groups, and local, state, and federal agencies.

30 (7) An update of the state board's surface water ambient
31 monitoring program needs assessment in light of the benefits of
32 increased coordination and integration of information from other
33 agencies and information sources. This update shall include
34 identification of current and future resource needs required to fully
35 implement the coordinated, comprehensive monitoring network,
36 including, but not limited to, funding, staff, training, laboratory
37 and other resources, and projected improvements in the network.

38 (f) The state board shall identify the full costs of implementation
39 of the comprehensive monitoring program strategy developed
40 pursuant to subdivision (e), and shall identify proposed sources of

1 funding for the implementation of the strategy, including federal
2 funds that may be expended for this purpose. Fees collected
3 pursuant to paragraph (1) of subdivision (d) of Section 13260 may
4 be used as a funding source for implementation of the strategy to
5 the extent that the funding is consistent with subparagraph (B) of
6 paragraph (1) of subdivision (d) of Section 13260.

7 (g) Data, summary information, and reports prepared pursuant
8 to this section shall be made available to appropriate public
9 agencies and the public by means of the Internet.

10 (h) (1) Commencing December 1, 2008, the Secretary of the
11 California Environmental Protection Agency shall conduct a
12 triennial audit of the effectiveness of the monitoring program
13 strategy developed pursuant to subdivision (e). The audit shall
14 include, but need not be limited to, an assessment of the following
15 matters:

16 (A) The extent to which the strategy has been implemented.

17 (B) The effectiveness of the monitoring and assessment program
18 and the monitoring council with regard to both of the following:

19 (i) Tracking improvements in water quality.

20 (ii) Evaluating the overall effectiveness of programs
21 administered by the state board or a regional board and of state
22 and federally funded water quality improvement projects.

23 (2) The Secretary of the California Environmental Protection
24 Agency shall consult with the Secretary of the Natural Resources
25 Agency in preparing the audit, consistent with the memorandum
26 of understanding entered into pursuant to subdivision (a).

27 (i) The state board shall prioritize the use of federal funding
28 that may be applied to monitoring, including, but not limited to,
29 funding under Section 106 of the Federal Water Pollution Control
30 Act, for the purpose of implementing this section.

31 (j) The state board shall not use more than 5 percent of the funds
32 made available to implement this section for the administrative
33 costs of any contracts entered into for the purpose of implementing
34 this section.

35 ~~SEC. 24.~~

36 *SEC. 26.* Section 13275 of the Water Code is amended to read:

37 13275. (a) Notwithstanding any other law, a public water
38 system regulated by the state board pursuant to Chapter 4
39 (commencing with Section 116270) of Part 12 of Division 104 of
40 the Health and Safety Code shall have the same legal rights and

1 remedies against a responsible party, when the water supply used
2 by that public water system is contaminated, as those of a private
3 land owner whose groundwater has been contaminated.

4 (b) For purposes of this section, “responsible party” has the
5 same meaning as defined in Section 25323.5 of the Health and
6 Safety Code.

7 ~~SEC. 25.~~

8 *SEC. 27.* Section 13285 of the Water Code is amended to read:

9 13285. (a) A discharge from a storage tank, pipeline, or other
10 container of methyl tertiary-butyl ether (MTBE), or of any pollutant
11 that contains MTBE, that poses a threat to drinking water, or to
12 groundwater or surface water that may reasonably be used for
13 drinking water, or to coastal waters shall be cleaned up to a level
14 consistent with subdivisions (a) and (b) of Section 25296.10 of
15 the Health and Safety Code.

16 (b) (1) A public water system, or its customers, shall not be
17 responsible for remediation or treatment costs associated with
18 MTBE, or a product that contains MTBE. However, the public
19 water system may, as necessary, incur MTBE remediation and
20 treatment costs and include those costs in its customer rates and
21 charges that are necessary to comply with drinking water standards
22 or directives of the state board or other lawful authority. A public
23 water system that incurs MTBE remediation or treatment costs
24 may seek recovery of those costs from parties responsible for the
25 MTBE contamination, or from other available alternative sources
26 of funds.

27 (2) If the public water system has included the costs of MTBE
28 treatment and remediation in its customer rates and charges, and
29 subsequently recovers all, or a portion of, its MTBE treatment and
30 remediation costs from responsible parties or other available
31 alternative sources of funds, it shall make an adjustment to its
32 schedule of rates and charges to reflect the amount of funding
33 received from responsible parties or other available alternative
34 sources of funds for MTBE treatment or remediation.

35 (3) Paragraph (1) does not prevent the imposition of liability
36 on any person for the discharge of MTBE if that liability is due to
37 the conduct or status of that person independently of whether the
38 person happens to be a customer of the public water system.

1 ~~SEC. 26.~~

2 *SEC. 28.* Section 13304.1 of the Water Code is amended to
3 read:

4 13304.1. (a) A groundwater cleanup system that commences
5 operation on or after January 1, 2002, and that is required to obtain
6 a discharge permit from the regional board pursuant to the regional
7 board's jurisdiction, and that discharges treated groundwater to
8 surface water or groundwater, shall treat the groundwater to
9 standards approved by the regional board, consistent with this
10 division and taking into account the beneficial uses of the receiving
11 water and the location of the discharge and the method by which
12 the discharge takes place.

13 (b) In making its determination of the applicable water quality
14 standards to be achieved by the operator of a groundwater cleanup
15 system that commences operation on or after January 1, 2002, that
16 draws groundwater from an aquifer that is currently being used,
17 or has been used at any time since 1979 as a source of drinking
18 water supply by the owner or operator of a public water system,
19 and that discharges treated groundwater to surface water or
20 groundwater from which a public water system draws drinking
21 water, the regional board shall consult with the affected
22 groundwater management entity, if any, affected public water
23 systems, and the state board to ensure that the discharge, spreading,
24 or injection of the treated groundwater will not adversely affect
25 the beneficial uses of any groundwater basin or surface water body
26 that is or may be used by a public water system for the provision
27 of drinking water.

28 ~~SEC. 27.~~

29 *SEC. 29.* Section 13331.2 of the Water Code is repealed.

30 ~~SEC. 28.~~

31 *SEC. 30.* Section 13392 of the Water Code is amended to read:

32 13392. The state board and the regional boards, in consultation
33 with the State Department of Public Health and the Department
34 of Fish and Wildlife, shall develop and maintain a comprehensive
35 program to (1) identify and characterize toxic hot spots, as defined
36 in Section 13391.5, (2) plan for the cleanup or other appropriate
37 remedial or mitigating actions at the sites, and (3) amend water
38 quality control plans and policies to incorporate strategies to
39 prevent the creation of new toxic hot spots and the further pollution
40 of existing hot spots. As part of this program, the state board and

1 regional boards shall, to the extent feasible, identify specific
2 discharges or waste management practices that contribute to the
3 creation of toxic hot spots, and shall develop appropriate prevention
4 strategies, including, but not limited to, adoption of more stringent
5 waste discharge requirements, onshore remedial actions, adoption
6 of regulations to control source pollutants, and development of
7 new programs to reduce urban and agricultural runoff.

8 ~~SEC. 29.~~

9 *SEC. 31.* Section 13392.5 of the Water Code is amended to
10 read:

11 13392.5. (a) Each regional board that has regulatory authority
12 for one or more enclosed bays or estuaries shall, on or before
13 January 30, 1994, develop for each enclosed bay or estuary, a
14 consolidated database that identifies and describes all known and
15 potential toxic hot spots. Each regional board shall, in consultation
16 with the state board, also develop an ongoing monitoring and
17 surveillance program that includes, but is not limited to, the
18 following components:

19 (1) Establishment of a monitoring and surveillance task force
20 that includes representation from agencies, including, but not
21 limited to, the State Department of Public Health and the
22 Department of Fish and Wildlife, that routinely monitor water
23 quality, sediment, and aquatic life.

24 (2) Suggested guidelines to promote standardized analytical
25 methodologies and consistency in data reporting.

26 (3) Identification of additional monitoring and analyses that are
27 needed to develop a complete toxic hot spot assessment for each
28 enclosed bay and estuary.

29 (b) Each regional board shall make available to state and local
30 agencies and the public all information contained in the
31 consolidated database, as well as the results of new monitoring
32 and surveillance data.

33 ~~SEC. 30.~~

34 *SEC. 32.* Section 13393.5 of the Water Code is amended to
35 read:

36 13393.5. On or before January 30, 1994, the state board, in
37 consultation with the State Department of Public Health and the
38 Department of Fish and Wildlife, shall adopt general criteria for
39 the assessment and priority ranking of toxic hot spots. The criteria
40 shall take into account the pertinent factors relating to public health

1 and environmental quality, including, but not limited to, potential
2 hazards to public health, toxic hazards to fish, shellfish, and
3 wildlife, and the extent to which the deferral of a remedial action
4 will result, or is likely to result, in a significant increase in
5 environmental damage, health risks, or cleanup costs.

6 ~~SEC. 31.~~

7 *SEC. 33.* Section 13400 of the Water Code is amended to read:

8 13400. As used in this chapter, unless otherwise apparent from
9 the context:

10 (a) “Facilities” means any of the following:

11 (1) Facilities for the collection, treatment, or export of waste
12 when necessary to prevent water pollution.

13 (2) Facilities to recycle wastewater and to convey recycled
14 water.

15 (3) Facilities or devices to conserve water.

16 (4) Any combination of the facilities described in paragraph
17 (1), (2), or (3).

18 (b) “Fund” means the State Water Quality Control Fund.

19 (c) “Not-for-profit organization” means an organization operated
20 on a not-for-profit basis, including, but not limited to, an
21 association, cooperative, or private corporation that is a public
22 water system, as defined in Section 116275 of the Health and
23 Safety Code, that meets technical, managerial, and financial
24 capacity criteria specified by the state board for public water
25 systems, or that is subject to regulatory authority pursuant to this
26 division. “Not-for-profit organization” includes only an organization
27 that is either controlled by a local public body or bodies or has a
28 broadly based ownership by, or membership of, people of the local
29 community.

30 (d) “Public agency” means any city, county, city and county,
31 district, or other political subdivision of the state.

32 ~~SEC. 32.~~

33 *SEC. 34.* Section 13426 of the Water Code is amended to read:

34 13426. The state board, subject to approval by the Director of
35 Finance, may agree to provide a guarantee pursuant to this article
36 for all or a specified part of the proposed local agency bond issue
37 upon making all of the following determinations:

38 (a) The facilities proposed by an applicant are necessary to the
39 health or welfare of the inhabitants of the state and are consistent
40 with water quality control plans adopted by regional boards.

1 (b) The proposed facilities meet the needs of the applicant.

2 (c) The proposed bond issue and plan repayment are sound and
3 feasible.

4 (d) In the case of facilities proposed under paragraph (2) of
5 subdivision (a) of Section 13400, the facilities will produce
6 recycled water and the applicant has adopted a feasible program
7 for the use of the facilities. The state board may adopt criteria for
8 ranking and setting priorities among applicants for those
9 guarantees.

10 ~~SEC. 33.~~

11 *SEC. 35.* Section 13476 of the Water Code is amended to read:

12 13476. Unless the context otherwise requires, the following
13 definitions govern the construction of this chapter:

14 (a) “Administration fund” means the State Water Pollution
15 Control Revolving Fund Administration Fund.

16 (b) “Board” means the State Water Resources Control Board.

17 (c) “Federal Clean Water Act” or “federal act” means the Clean
18 Water Act (33 U.S.C. Sec. 1251 et seq.) and acts amendatory
19 thereof or supplemental thereto.

20 (d) (1) “Financial assistance” means assistance authorized under
21 Section 13480. Financial assistance includes loans, refinancing,
22 installment sales agreements, purchase of debt, and loan guarantees
23 for municipal revolving funds, but excludes grants.

24 (2) Notwithstanding paragraph (1), financial assistance may
25 include grants or other assistance directed by a federal grant
26 deposited in the fund to the extent authorized and funded by that
27 grant.

28 (e) “Fund” means the State Water Pollution Control Revolving
29 Fund.

30 (f) “Grant fund” means the State Water Pollution Control
31 Revolving Fund Small Community Grant Fund.

32 (g) “Matching funds” means money that equals that percentage
33 of federal contributions required by the federal act to be matched
34 with state funds.

35 (h) “Municipality” has the same meaning and construction as
36 in the federal act and also includes all state, interstate, and
37 intermunicipal agencies.

38 (i) “Publicly owned” means owned by a municipality.

(j) “Severely disadvantaged community” means a community with a median household income of less than 60 percent of the statewide median household income.

~~SEC. 34.~~

SEC. 36. Section 13477.6 of the Water Code is amended to read:

13477.6. (a) The State Water Pollution Control Revolving Fund Small Community Grant Fund is hereby created in the State Treasury.

(b) The following moneys shall be deposited in the grant fund:

(1) Moneys transferred to the grant fund pursuant to subdivision

(c).

(2) Notwithstanding Section 16475 of the Government Code, any interest earned upon the moneys deposited in the grant fund.

(3) *Any moneys deposited pursuant to Section 79723.*

(c) (1) For any financing made pursuant to Section 13480, the board may assess an annual charge to be deposited in the grant fund in lieu of interest that would otherwise be charged.

(2) The charge authorized by this subdivision may be applied at any time during the term of the financing, and once applied, shall remain unchanged unless the board determines that the application of the charge is any of the following:

(A) No longer consistent with federal requirements regarding the fund.

(B) No longer necessary.

(C) Negatively affecting the board’s ability to fund projects that support its water quality goals.

(3) The charge shall not increase the financing repayment amount as set forth in the terms and conditions imposed pursuant to this chapter.

(4) If the board ceases collecting the charge before the financing repayment is complete, the board shall replace the charge with an identical interest rate.

(d) (1) Moneys in the grant fund, upon appropriation by the Legislature to the board, may be expended, in accordance with this chapter, for grants for *wastewater* projects described in *subdivision (c) of Section 13480 1383 of Title 33 of the United States Code* that serve small communities as defined in subdivision (a) of Section 30925 of the Public Resources Code. The board

1 shall expend moneys appropriated from the grant fund within-a
2 period of four years from the date of encumbrance.

3 (2) For the purpose of approving grants, the board shall give
4 priority to projects that serve severely disadvantaged communities.

5 (3) *In addition to the uses set forth in paragraph (1), moneys*
6 *deposited in the grant fund pursuant to Section 79723, upon*
7 *appropriation by the Legislature to the board, may be expended*
8 *for technical assistance as authorized by Section 79725.*

9 ~~SEC. 35.~~

10 SEC. 37. Section 13480 of the Water Code is amended to read:

11 13480. (a) Moneys in the fund shall be used only for the
12 permissible purposes allowed by the federal act or a federal grant
13 deposited in the fund to the extent authorized and funded by that
14 grant.

15 (b) Consistent with expenditure for authorized purposes, moneys
16 in the fund may be used for the following purposes:

17 (1) Loans that meet all of the following requirements:

18 (A) Are made at or below market interest rates.

19 (B) Require annual payments of principal and any interest, with
20 repayment commencing not later than one year after completion
21 of the project for which the loan is made and full amortization not
22 later than 30 years after project completion unless otherwise
23 authorized by a federal grant deposited in the fund to the extent
24 authorized and funded by that grant. Loan forgiveness is
25 permissible to the extent authorized by a federal grant deposited
26 in the fund to the extent authorized and funded by that grant.

27 (C) Require the loan recipient to establish an acceptable
28 dedicated source of revenue for repayment of a loan.

29 (D) (i) Contain other terms and conditions required by the board
30 or the federal act or applicable rules, regulations, guidelines, and
31 policies. To the extent permitted by federal law, the combined
32 interest and loan service rate shall be set at a rate that does not
33 exceed 50 percent of the interest rate paid by the state on the most
34 recent sale of state general obligation bonds and the combined
35 interest and loan service rate shall be computed according to the
36 true interest cost method. If the combined interest and loan service
37 rate so determined is not a multiple of one-tenth of 1 percent, the
38 combined interest and loan service rate shall be set at the multiple
39 of one-tenth of 1 percent next above the combined interest and
40 loan service rate so determined. A loan from the fund used to

1 finance costs of facilities planning, or the preparation of plans,
2 specifications, or estimates for construction of publicly owned
3 treatment works shall comply with Section 603(e) of the federal
4 act (33 U.S.C. Sec. 1383(e)).

5 (ii) Notwithstanding clause (i), if the loan applicant is a
6 municipality, an applicant for a loan for the implementation of a
7 management program pursuant to Section 319 of the federal Clean
8 Water Act (33 U.S.C. Sec. 1329), or an applicant for a loan for
9 nonpoint source or estuary enhancement pursuant to Section 320
10 of the federal Clean Water Act (33 U.S.C. Sec. 1330), and the
11 applicant provides matching funds, the combined interest and loan
12 service rate on the loan shall be 0 percent. A loan recipient that
13 returns to the fund an amount of money equal to 20 percent of the
14 remaining unpaid federal balance of an existing loan shall have
15 the remaining unpaid loan balance refinanced at a combined interest
16 and loan service rate of 0 percent over the time remaining in the
17 original loan contract.

18 (2) To buy or refinance the debt obligations of municipalities
19 within the state at or below market rates if those debt obligations
20 were incurred after March 7, 1985.

21 (3) To guarantee, or purchase insurance for, local obligations
22 where that action would improve credit market access or reduce
23 interest rates.

24 (4) As a source of revenue or security for the payment of
25 principal and interest on revenue or general obligation bonds issued
26 by the state, if the proceeds of the sale of those bonds will be
27 deposited in the fund.

28 (5) To establish loan guarantees for similar revolving funds
29 established by municipalities.

30 (6) To earn interest.

31 (7) For payment of the reasonable costs of administering the
32 fund and conducting activities under Title VI (commencing with
33 Section 601) of the federal act (33 U.S.C. Sec. 1381 et seq.). Those
34 costs shall not exceed 4 percent of all federal contributions to the
35 fund, four hundred thousand dollars (\$400,000) per year, or
36 one-fifth of 1 percent per year of the current valuation of the fund,
37 whichever amount is greatest, plus the amount of any fees collected
38 by the state for this purpose regardless of the source.

1 (8) For financial assistance toward the nonfederal share of the
2 costs of grant-funded treatment works projects to the extent
3 permitted by the federal act.

4 (9) Grants, principal forgiveness, negative interest rates, and
5 any other type of, or variation on the above types of, assistance
6 authorized by a federal grant deposited in the fund to the extent
7 authorized and funded by that grant.

8 ~~SEC. 36.~~

9 *SEC. 38.* Section 79702 of the Water Code is amended to read:
10 79702. Unless the context otherwise requires, the definitions
11 set forth in this section govern the construction of this division, as
12 follows:

13 (a) “Acquisition” means obtaining a fee interest or any other
14 interest in real property, including easements, leases, water, water
15 rights, or interest in water obtained for the purposes of instream
16 flows and development rights.

17 (b) “CALFED Bay-Delta Program” means the program
18 described in the Record of Decision dated August 28, 2000.

19 (c) “Commission” means the California Water Commission.

20 (d) “Committee” means the Water Quality, Supply, and
21 Infrastructure Improvement Finance Committee created by Section
22 79787.

23 (e) “Delta” means the Sacramento-San Joaquin Delta, as defined
24 in Section 85058.

25 (f) “Delta conveyance facilities” means facilities that convey
26 water directly from the Sacramento River to the State Water Project
27 or the federal Central Valley Project pumping facilities in the south
28 Delta.

29 (g) “Delta counties” means the Counties of Contra Costa,
30 Sacramento, San Joaquin, Solano, and Yolo.

31 (h) “Delta plan” has the meaning set forth in Section 85059.

32 (i) “Director” means the Director of Water Resources.

33 (j) “Disadvantaged community” has the meaning set forth in
34 subdivision (a) of Section 79505.5, as it may be amended.

35 (k) “Economically distressed area” means a municipality with
36 a population of 20,000 persons or less, a rural county, or a
37 reasonably isolated and divisible segment of a larger municipality
38 where the segment of the population is 20,000 persons or less,
39 with an annual median household income that is less than 85
40 percent of the statewide median household income, and with one

1 or more of the following conditions as determined by the
2 department:

3 (1) Financial hardship.

4 (2) Unemployment rate at least 2 percent higher than the
5 statewide average.

6 (3) Low population density.

7 (l) “Fund” means the Water Quality, Supply, and Infrastructure
8 Improvement Fund of 2014 created by Section 79715.

9 (m) “Instream flows” means a specific streamflow, measured
10 in cubic feet per second, at a particular location for a defined time,
11 and typically follows seasonal variations.

12 (n) “Integrated regional water management plan” has the
13 meaning set forth in Part 2.2 (commencing with Section 10530)
14 of Division 6, as that part may be amended.

15 (o) “Long-term” means for a period of not less than 20 years.

16 (p) “Nonprofit organization” means an organization qualified
17 to do business in California and qualified under Section 501(c)(3)
18 of Title 26 of the United States Code.

19 (q) “Proposition 1E” means the Disaster Preparedness and Flood
20 Prevention Bond Act of 2006 (Chapter 1.699 (commencing with
21 Section 5096.800) of Division 5 of the Public Resources Code).

22 (r) “Proposition 84” means the Safe Drinking Water, Water
23 Quality and Supply, Flood Control, River and Coastal Protection
24 Bond Act of 2006 (Division 43 (commencing with Section 75001)
25 of the Public Resources Code).

26 (s) “Public agency” means a state agency or department, special
27 district, joint powers authority, city, county, city and county, or
28 other political subdivision of the state.

29 (t) “Rainwater” has the meaning set forth in subdivision (c) of
30 Section 10573.

31 (u) “Secretary” means the Secretary of the Natural Resources
32 Agency.

33 (v) “Severely disadvantaged community” has the meaning set
34 forth in Section 116760.20 of the Health and Safety Code.

35 (w) “Small community water system” means a community water
36 system that serves no more than 3,300 service connections or a
37 year-long population of no more than 10,000 persons.

38 (x) “State board” means the State Water Resources Control
39 Board.

1 (y) “State General Obligation Bond Law” means the State
2 General Obligation Bond Law (Chapter 4 (commencing with
3 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
4 Code).

5 (z) “State small water system” has the meaning set forth in
6 subdivision (n) of Section 116275 of the Health and Safety Code.

7 (aa) “Stormwater” has the meaning set forth in subdivision (e)
8 of Section 10573.

9 (ab) “Water right” means a legal entitlement authorizing water
10 to be diverted from a specified source and put to a beneficial,
11 nonwasteful use.

12 *SEC. 39. Section 79726 is added to the Water Code, to read:*

13 *79726. For the purpose of providing the state share needed to*
14 *leverage federal funds to assist communities in providing safe*
15 *drinking water, any funds appropriated for the purposes of Section*
16 *79724 shall be available for deposit in the Safe Drinking Water*
17 *State Revolving Fund, created by Section 116760.30 of the Health*
18 *and Safety Code, prior to expenditure.*

19 ~~SEC. 37.~~

20 *SEC. 40.* No reimbursement is required by this act pursuant to
21 Section 6 of Article XIII B of the California Constitution because
22 the only costs that may be incurred by a local agency or school
23 district will be incurred because this act creates a new crime or
24 infraction, eliminates a crime or infraction, or changes the penalty
25 for a crime or infraction, within the meaning of Section 17556 of
26 the Government Code, or changes the definition of a crime within
27 the meaning of Section 6 of Article XIII B of the California
28 Constitution.